

**California State Treasurer's Office**  
**California Industrial Development Financing Advisory Commission**

**MEMORANDUM**

DATE: February 29, 2008

TO: All Interested Parties

RE: Tax-Exempt Allocation from the 2008 Industrial Development Bond (IDB) Pool

At its February 27, 2008 meeting, the California Debt Limit Allocation Committee (CDLAC) approved Agenda Item #5, which transfers tax-exempt allocation in the IDB pool remaining after its March 2008 allocation round to the California Industrial Development Financing Advisory Commission (CIDFAC). This means that IDB applicants will apply to CIDFAC for both bond issuance approval and for tax-exempt allocation from the IDB pool. This "one-stop shop" process will start with CIDFAC's April 23, 2008 meeting. CDLAC's Agenda Item #5 staff report is available on CDLAC's website at <http://www.treasurer.ca.gov/cdlac>. The following is excerpted from the staff report:

*CDLAC has \$53 million remaining in IDB allocation based on the proposed action at the March 26, CDLAC meeting where consideration of approximately \$34,500,000 in allocation is recommended for Industrial Development Bond projects. Staff recommends an award of Allocation for \$53 million to CIDFAC. The CIDFAC Allocation would expire on July 30, 2008, any remaining allocation will be returned to CDLAC.*

*CDLAC's award of Allocation to CIDFAC shall be conditioned on CIDFAC's adherence to the existing CDLAC priority and point system when awarding Allocations (CDLAC Procedures Section 20). In addition, CIDFAC will make awards according to the following condition:*

- The Industrial Development Bond Pool is oversubscribed for 2008 therefore; CDLAC staff is recommending a maximum allocation of \$20 million be awarded per CIDFAC meeting. Further, staff recommends that CIDFAC reserve the option to increase the cap available at an allocation round up to \$2 million, provided that such amount is available in the IDB Pool, and the CIDFAC Board determines that highly competitive projects in a particular round should be awarded such additional amount.
- CIDFAC shall continue to use the CDLAC Allocation criteria and point scheme.

In anticipation of the award of the remaining IDB allocation, CIDFAC presented Agenda Item #4A to its Commission at its February 27, 2008 meeting. The Commission approved this agenda item. Agenda Item #4A staff report is available at CIDFAC's website at <http://www.treasurer.ca.gov/cidfac>. With its approval of Agenda Item #4, the Commission declared future 2008 IDB allocation rounds beginning with the April 23, 2008 Commission meeting to be competitive based upon the existing minimum requirements and point scheme. The following is excerpted from the staff report:

Under the assumption that CDLAC will approve the proposal that CIDFAC allocate IDB tax-exempt cap beginning in April 2008, staff recommends that CIDFAC declare 2008 IDB allocation rounds as

competitive beginning with the April 2008 round. For the upcoming competitive rounds, staff recommends that CIDFAC combine the remainder of the total “core” IDB pool and the SBP pool into one IDB pool as there no longer will be the distinction in the approval process for two types of projects.<sup>1</sup> Further, staff recommends that each competitive round allocate a maximum of \$20 million out of the IDB cap until the cap is depleted. By doing so, CIDFAC will award allocation to the most competitive projects as they become ready for financing rather than award allocation on a first-come, first-served basis without weighing the relative public benefits provided by each project.

Further, staff recommends that the CIDFAC board reserve the option to increase the cap available at an allocation round by up to \$2 million, provided that such amount is available in the IDB pool, in the case the board determines that highly competitive projects in a particular round should be awarded such additional amount. It is staff’s expectation that the availability of an additional \$2 million per round will allow the board to provide full allocation to highly competitive projects under circumstances where the entire allocation request exceeds \$20 million by up to \$2 million. For example, if CIDFAC were to receive three applications for three projects that met all minimum requirements and that received substantial points in the areas of job creation, community need, and medical benefits, and the allocation request for the three projects totaled \$20,500,000, then the Board would have the option of awarding the entire allocation requested, provided that this amount was available in the IDB pool. Staff believes that the \$2 million amount is large enough to provide flexibility in these circumstances but not so large as to impair subsequent allocation rounds.

Finally, staff also recommends that CIDFAC adopt the following:

- (1) CIDFAC shall accept the existing form of CDLAC small-issue IDB application for CIDFAC approval and for IDB allocation for all proposed projects. Applicants shall continue to provide completed applications at least 30-days in advance of the CIDFAC meeting at which they would like their proposed projects considered.
- (2) CIDFAC shall continue to use the CDLAC’s allocation criteria and point scheme to evaluate and rank IDB projects. For each competitive round, CIDFAC staff will recommend approval of and the award of allocation up to \$20 million to proposed projects that (1) meet the existing minimum requirements of CDLAC and CIDFAC and (2) receive the greatest number of points under CDLAC’s existing point scheme for that particular round. Applications for projects that are not recommended for approval in a particular round may be resubmitted in subsequent rounds.

It is important for IDB applicants to be aware that, beginning with submissions for consideration at the Commission’s April 23, 2008 meeting, all applications for CIDFAC approval and/or for tax-exempt allocation must be submitted to CIDFAC at least 30 calendar days before the scheduled meeting date and must be complete. Additional application materials, including but not limited to TEFRA resolutions and documentation required for the award of points, will not be accepted after the 30-day deadline. Incomplete applications will be returned and may be completed and resubmitted for consideration at future meetings. Application fees are not refundable.

Please contact CIDFAC if you have any questions regarding the IDB application process:

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